

Louisiana Department of Insurance 2013 Citizens, Tax and Insurance Savings Q&A

Summary of three opportunities

1. Property owners are entitled to a rebate whether you file taxes or not - for the Louisiana Citizens assessment on your property and casualty insurance policy dating from 2009 - 2013. If you have not submitted a claim for assessments paid in prior years, it's not too late to do so.
2. You can apply for a state tax deduction for voluntarily retrofitting your home to comply with the Louisiana State Uniform Construction Code.
3. You can also apply for insurance premium discounts for voluntarily building or retrofitting your home to comply with the Louisiana State Uniform Construction Code.

Information on these savings opportunities are available on the LDI Web site at www.lldi.la.gov. Click on the [Louisiana Citizens Insurance Rebate](#) link on the home page.

Louisiana Citizens Property Insurance Rebate

1. What is the Citizens rebate?

The Louisiana Citizens Property Insurance Corporation assessment is paid as part of the property insurance bill each year by property owners. The dollar amount of the assessment is found on the declaration page of the policy. This amount is payment for a bond issued by Louisiana Citizens to cover the large amount of damages caused by Hurricane Katrina. The assessment was passed on to property and casualty policyholders by insurance companies who are responsible for paying the cost of the bond. This amount is refundable to those who paid the assessment with their property and casualty insurance premium once it is paid.

2. What amount of the Citizens assessment is unclaimed?

As of the end of 2012, \$255.4 million or 65 percent of funds available from 2009 through 2012 were not claimed. The allotted time to claim funds for 2006 through 2008 has expired and nearly \$194 million or 53 percent of those funds went unclaimed. The option to claim the 2009 assessment will expire at the end of 2013.

3. Who pays the rebate to me?

The Louisiana Department of Revenue (LDR) pays the rebate.

4. What is the average rebate amount?

The average rebate amount for all claims paid is \$120.93 on December 31, 2012.

5. How do I get my rebate?

There are three ways to claim the rebate. The fastest way to obtain the rebate is for residential policyholders to visit www.revenue.louisiana.gov/fileonline, register as a user, and follow the links to LDR's web application designed to help individuals claim their Citizens rebate. Policyholders can choose to receive the rebate by direct deposit, the My Refund Card - a pre-loaded debit card or a paper check. The online option is only available for residential policyholders. Businesses cannot claim the rebate electronically.

As a second option, if you have a property and casualty insurance policy on residential properties, businesses, corporations or nontaxable entities, you can fill out the LDR *Request for Refund of Louisiana Citizens Property Insurance Corporation Assessment* form for the year in which you paid the assessment. This is *Form R-540INS* for residential or form *R-620INS* for businesses, corporations and nontaxable entities. Include with the tax form the declaration page of your insurance policy that contains the assessment amount.

A third option is for individual policyholders to claim the Citizens rebate when filing their State tax return or by amending a prior-year tax return. This option is available for individuals with a property and casualty insurance policy on residential properties, businesses, corporations or nontaxable entities.

Regardless of how you claim the Citizens Rebate, policyholders must retain their homeowner's or property's insurance declaration page and any supplemental pages that show the separate line item charges as well as any documents showing proof of payment for four years and be able to produce the documents in the case of an audit.

Citizens assessment rebate forms can be found on the Department of Insurance website at www.lidi.la.gov. Click on the *Louisiana Citizens Insurance Rebate* link on the home page. Or go to the Department of Revenue Web site at www.revenue.louisiana.gov/citizens.

6. How long have I been paying this additional assessment?

This assessment has been charged on the property insurance policies since 2005.

7. Can I get a rebate for prior years' assessments?

Yes, you can still obtain a rebate going back as far as assessments paid in 2009.

8. How do I obtain the rebate for the prior years' assessments?

The fastest way to obtain a prior-year rebate is for residential policyholders to visit www.revenue.louisiana.gov/fileonline, register as a user, and follow the links to LDR's web application designed to help individuals claim their Citizens rebate.

Or you can obtain the proper form for the year in which the assessment was paid. Residential policyholders' assessments paid in 2009 must be claimed on the [2009 Form R-540INS](#). Assessments paid in 2010 must be claimed on the [2010 Form R5401NS](#). Assessments paid in 2011 must be claimed on the [2011 Form R-540INS](#). Assessments paid in 2012 must be claimed on the [2012 Form R5401NS](#). Assessments paid in 2013 must be claimed on the [2013 Form R5401NS](#). Businesses should complete *Form R-620INS* for the appropriate year to claim the rebate and cannot obtain the rebate via the online method.

Residential policyholders and businesses may also claim the rebate by amending a prior-year State tax return.

9. Is there a deadline for claiming my rebate?

You can choose to claim the rebate as soon as you pay the insurance premium that includes the Citizens Assessment or when filing your *Louisiana Individual Income Tax Return* due in May. Assessments paid in 2009 must be claimed by the end of 2013. Assessments paid in 2010 must be claimed by the end of 2014. Assessments paid in 2011 must be claimed by the end of 2015. Assessments paid in 2012 must be claimed by the end of 2016. Assessments paid in 2013 must be claimed by the end of 2017.

10. Are there any special rules I should know about claiming the rebate?

Be careful not to claim the rebate on both the INS form and the tax return since this will delay your refund. LDR reminds taxpayers not to claim the total insurance premium, only the Citizens Assessment. Claiming the total premium will delay the processing of the refund as well.

LDR recommends that those who pay the Citizens Assessment on more than one property should send in a single INS form along with the R-INS Supplement form on which additional properties are listed rather than a separate INS form for each property. Otherwise the second claim will automatically be delayed for review.

11. Can I claim my Citizens rebate even though I don't have to file a state income tax return?

Whether property owners file state income taxes or not, they are entitled to a rebate of the Louisiana Citizens assessment on their property and casualty insurance policy dating from 2009 through 2013. If you have not submitted a claim for assessments paid in these prior years, it's not too late to do so.

12. My property insurance policy lists a LA FAIR and Coastal Plan assessment. Is this the same as the Citizens assessment?

Yes, the LA FAIR and Coastal assessment is the same as the Citizens assessment.

13. How can I know for sure if I paid Louisiana Citizens assessments with my homeowners' insurance so I'll know if I'm qualified to receive a rebate?

You will need to review copies of your homeowners insurance declaration pages for the years 2009 through 2013. On each year's declaration page, you may see an itemized separate charge for a LA Citizens Property Insurance Corporation Assessment (Fair or Coastal Plan, etc.).

If you see such a charge listed on your insurance declaration pages and you paid your insurance company this amount with your insurance premium, you may file with the Office of Revenue for a refund/rebate/credit.

If you don't have copies of your homeowner declaration pages, you will need to contact your insurance company or your insurance agent/producer and request copies.

14. Is there an assessment paid by Citizens' policyholders, making Citizens' policyholders also eligible for the Citizens tax rebate?

Yes. Policyholders of Louisiana Citizens Insurance Corporation may also be charged the assessment for the bonds that funded payment of claims from the 2005 storms. This assessment charge is shown on the policy premium notice.

15. When can I expect to receive a Citizens assessment rebate? I filed for it weeks ago.

The Louisiana Citizens Tax Rebate is administered by the Louisiana Department of Revenue. To obtain your answer, you should contact the Louisiana Department of Revenue at (225) 219-0102, or visit the LDR website at www.rev.louisiana.gov.

Louisiana State Uniform Construction Code Home Retrofit State Tax Deduction

1. What is the Louisiana State Uniform Construction Code Home Retrofit State Tax Deduction?

Act 467 of the 2007 Regular Session allows a tax deduction for a taxpayer to voluntarily retrofit an existing residential structure to bring it into compliance with the State Uniform Construction Code. The retrofitting must not be a construction, reconstruction, alteration, or repair of an existing structure. Retrofitting means improvements to a previously constructed structure with regard to the following areas:

- Roof deck attachment
- Secondary water barrier
- Roof Covering
- Gable ends bracing
- Roof-to-wall connections
- Opening protection
- Exterior doors, including garage doors

This construction code home retrofitting deduction is an amount equal to 50 percent of the cost paid or incurred for the retrofit on or after January 1, 2007, less the value of any other state, municipal or federally-sponsored financial incentives for the cost paid, limited to \$5000.

2. Who is eligible for this Louisiana tax deduction?

Any taxpayer who claims a homestead exemption for the home being retrofitted may claim the construction code home retrofitting deduction. The home cannot be rental property.

3. What amount may I receive with this tax deduction?

The tax deduction can be no more than \$5,000 per retrofitted residential structure.

4. When do I claim the tax deduction?

The tax deduction is claimed on the tax return for the year in which the work is completed.

5. What proof do I need to qualify for this tax deduction?

Proof that the retrofit complies with the State Uniform Construction Code and that the improvements were made to those areas noted above (keep receipts for purchased items installed and labor costs for retrofit - no inspection is required), documentation of the cost of the project, and assurance that the project was voluntary as defined by the law, must be retained by the taxpayer.

6. When did this tax deduction become effective?

The tax deduction was effective in the 2007 tax year.

7. What if I completed retrofits to my home in 2011 or 2012 - can I claim a tax deduction for qualifying work in those years?

Yes, just amend your tax return for the year in which the work was completed to include this deduction.

8. Where can I find additional information on the Louisiana State Uniform Construction Code Home Retrofit State Tax Deduction?

A brochure on the state tax deduction is found at the Department of Insurance web site at: http://www.lda.louisiana.gov/consumers/misc_pubs/Homeowners%20Storm%20final.pdf. The Department of Revenue Bulletin No. 09-007 Construction Code Voluntary Retrofitting Deduction information is found at: <http://www.rev.state.la.us/forms/lawspolicies/RIB09007.pdf>

Insurance Premium Discounts for State Uniform Construction Code Home Retrofit or New Home Construction

1. Who is eligible for insurance premium discounts?

Any owner who builds or retrofits a one or two-family owner occupied home or modular home to comply with the requirements of the State Uniform Construction Code, and/or any owner who installs damage mitigation improvements or retrofits their one or two-family owner occupied home or modular home utilizing construction techniques demonstrated to reduce the amount of loss from a windstorm or hurricane.

2. What building techniques qualify for an insurance premium discount?

Discounts are granted based on damage mitigation improvements and construction techniques listed on the Louisiana Hurricane Loss Mitigation Form. Your insurance company or agent will have this information. These damage mitigation improvements and/or construction techniques include, but are not limited to:

- * building design
- * roof bracing
- * secondary water barriers
- * opening protection
- * roof-to-wall strength
- * roof deck attachment
- * roof covering and roof covering performance
- * wall-to-floor-to-foundation strength
- * window, door and skylight strength
- * other mitigation improvements and/or construction techniques that the insurer may determine to reduce the risk of loss due to wind.

3. Why are insurance premium discounts now available to me as a homeowner?

Act 323 of the 2007 Regular Session provides insurance premium discounts for homeowners.

4. How much savings can I expect in insurance premium discounts?

Each insurance company has established savings amounts allowed to homeowners for the various storm mitigation building techniques that are incorporated into a home as either a retrofit or new construction. Contact your homeowners insurance company or agent for these details and any necessary forms.

5. Is a home inspection required?

Yes, Inspection and certification must be performed by a building code enforcement officer, registered architect or engineer, or a registered third-party provider authorized by the Louisiana State Uniform Construction Code Council to perform building inspections. For a search feature of registered third party providers, visit <http://lsuccc.dps.louisiana.gov/> or call (225) 922-0817.

6. What documents are needed for proof of eligibility for insurance premium discounts?

The insurer may require completion of the Louisiana Hurricane Loss Mitigation Form or other documentation to demonstrate compliance with the State Uniform Construction Code such as permits, certificates of occupancy, inspection reports or receipts. If deemed necessary, the insurer may also perform its own independent inspection.